

TAKE ACTION TODAY

- To learn more about the Home Affordable Foreclosure Alternatives (HAFA) Program, visit MakingHomeAffordable.gov.
 - Contact your mortgage servicer — the company to which you pay your mortgage — to determine if you qualify.
 - If you have questions, speak with a HUD-approved housing counselor for free by calling the Homeowner's HOPE™ Hotline at 1-888-995-HOPE (4673).
- 888-995-HOPE**
Homeowner's HOPE™ Hotline
- Be cautious of scams. Do not sign your deed over to anyone or make a payment to anyone other than your mortgage servicer without seeking your servicer's approval directly.

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Home Affordable Foreclosure Alternatives (HAFA) Program

Helping Homeowners Transition
to More Affordable Housing



Help for
America's
Homeowners



MAKING HOME AFFORDABLE

The Obama Administration's Making Home Affordable Program is a critical part of the effort to stabilize the housing market and help struggling homeowners get relief and avoid foreclosure.

Making Home Affordable includes opportunities for homeowners to modify or refinance their mortgage to make their payments more affordable.

Some homeowners may feel that they can no longer afford their home, even with modified payments. These homeowners still want to avoid the devastating effects of foreclosure. The Home Affordable Foreclosure Alternatives (HAFA) Program makes it easier for homeowners to work with their mortgage servicer to sell their home (short sale) or deed it to the bank (deed-in-lieu of foreclosure).

Under HAFA, after a short sale or deed-in-lieu is successfully completed, a homeowner is cleared of all remaining debt and obligations on their first lien mortgage to their mortgage servicer, and is eligible for \$3,000 to help with moving expenses.

For many homeowners, these solutions are the safest way to transition to more affordable housing.

To learn more about the potential impact of a short sale or a deed-in-lieu on your credit report, visit: <http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre24.shtm>.



HOME AFFORDABLE FORECLOSURE ALTERNATIVES

The Home Affordable Foreclosure Alternatives (HAFA) Program includes two options:

Short Sale

In a short sale, the servicer allows the homeowner to list and sell the mortgaged property and agrees to accept the net proceeds from the sale even if the proceeds are less than the total amount due on the mortgage.

Deed-in-Lieu of Foreclosure

Servicers may also offer to accept a deed-in-lieu of foreclosure through which a homeowner voluntarily transfers ownership of the property to their servicer. Many servicers require homeowners to try to sell their home before they will accept a deed-in-lieu.

ELIGIBILITY CRITERIA

HAFA is available for homeowners who have a verifiable financial hardship and:

- Do not qualify for a mortgage modification under the Making Home Affordable Program;
- Do not successfully complete the trial period for their modification;
- Miss at least two consecutive payments once in a permanent modification; or
- Request a short sale or deed-in-lieu of foreclosure.

Your mortgage servicer can give you more information about your eligibility.

OTHER LOANS

If you have other loans against your house, you will need to work with your servicer to negotiate the release of those loans in order to complete the short sale or deed-in-lieu. HAFA helps by providing some funds to pay off junior loans.

HAFA TIMELINE

Unlike the process for many short sales and deeds-in-lieu of foreclosure, HAFA sets clear timelines to keep the process efficient.

Mortgage servicers must evaluate homeowners for HAFA within 30 days after one of the eligibility criteria is met. If the homeowner is eligible, the servicer will send a Short Sale Agreement (SSA)—a contract between the homeowner and the servicer—that will include:

- A list price approved by the servicer;
- The length of time the property will be marketed for sale;
- An agreement releasing the homeowner from all future liability after the property is sold;
- The amount of the monthly mortgage payment, if any, that the borrower will be required to pay during the term of the SSA;
- Information about \$3,000 in relocation assistance after closing; and
- An agreement that so long as the borrower performs in accordance with the terms of the SSA, the servicer will not complete a foreclosure sale.

If a servicer is willing to accept a deed-in-lieu of foreclosure, they will provide a HAFA deed-in-lieu agreement.

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